



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

May 17, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

Medi-Cal Hospital Waiver Health Coverage Initiative

There is emerging legislative activity to implement the health coverage initiative component of the Medi-Cal hospital financing reform waiver. Under the waiver, California has the potential to access up to \$180 million annually in Federal funds for three years (2007-2010) subject to the creation of a health coverage program for uninsured patients. The State is required to submit a plan for approval to the Federal government by September 1, 2006 in order to access these funds effective September 1, 2007. The existence of the \$180 million is attributable to the spending history of the County's 1115 waiver which was incorporated into the State's recent waiver.

Two similar pieces of legislation, **SB 1448 (Kuehl)** and **AB 3000 (Frommer and Chan)**, have been introduced to provide the State with the authority and a framework for implementation of the coverage initiative. The bills would authorize counties to apply to the State for participation in the health coverage initiative and related funding. As part of the application, counties would need to demonstrate the ability to finance the non-Federal share and to describe various program elements such as eligible persons, scope of services, and the provider network.

The DSH Task Force, of which the County is a member, has conveyed to the Legislature that the health coverage initiative should be configured to benefit safety net hospitals, and that SB 1448 and AB 3000 should include a distribution formula for eligible entities rather than an application process as currently drafted. The Urban Counties Caucus has indicated support for SB 1448 with the need for a distribution mechanism that benefits hospitals in their counties. Staff from the Department of Health Services and my office, and our

Sacramento advocates will remain actively involved to ensure the County benefits from this funding opportunity.

Pursuit of County Position on Legislation

AB 2861 (Ridley-Thomas), as introduced on February 24, 2006, would increase the penalty from an infraction to a misdemeanor for a second or subsequent violation of a failure to abate a lead hazard following notice by the California Department of Health Services or a local enforcement agency. This would add the possibility of imprisonment for not more than six months in county jail to the existing punishment of a fine up to \$1000. Each day a person fails to correct the hazard would constitute a separate violation.

The County Department of Health Services (DHS) indicates that lead poisoning is a serious threat to young children in California. Even low levels of lead in the blood lowers a child's IQ and results in lifelong learning and behavior problems. There is no safe level of lead in blood and no treatment for lead poisoning. Last year in Los Angeles County, more than 12,500 children had blood lead levels high enough to cause lifelong harm. Lead-based paint which peels or chips due to lack of maintenance, and dust or particles created during remodeling or repainting of properties containing lead-based paint present serious health hazards. Properties can be renewed using lead-safe practices, and most property owners comply.

Because AB 2861 would establish more stringent enforcement measures to compel noncompliant owners to abate a lead hazard, DHS recommends that the County support AB 2861 and we concur. Consistent with existing Board policy to support legislation that preserves and enhances housing stock including measures that support safe home environments free from lead, mold and other indoor environmental hazards, **our Sacramento advocates will support AB 2861.**

AB 2861 is co-sponsored by the Office of the Los Angeles City Attorney and Healthy Homes Collaborative. It is supported by the California District Attorneys Association, Huntington Beach Communities for a Better Environment, Los Angeles Communities for a Better Environment, Los Angeles Healthy Children Organizing Project, Los Angeles National Health Law Program, Pacoima Beautiful, Physicians for Social Responsibility Los Angeles, Planning and Conservation League, Sierra Club California, Southern California Association of Non-Profit Housing, and the Western Center on Law and Poverty, among others. There is no registered opposition. AB 2861 passed the Assembly Floor on May 15, 2006 by a vote of 60 to 19 and is now awaiting committee assignment in the Senate.

Status of County-Interest Legislation

County-supported AB 1361 (Dymally), which would have extended the time limit for enterprise zones to 25 years, was amended on May 11, 2006 to address elections in the City of Vernon. **Therefore, our Sacramento advocates will drop support for AB 1361 and take no position on the bill.**

County-opposed AB 2259 (Salinas), which would extend the sunset date from January 1, 2007 to January 1, 2013, for Local Agency Formation Commissions' authority to review any proposed extension of urban levels of services to outlying unincorporated areas of the State's counties, passed the Assembly Local Government Committee on Wednesday, May 10, 2006, by a vote of 7 to 0, and now proceeds to the Assembly Appropriations Committee.

County-opposed unless amended AB 2286 (Torrico), which would allow a city or county to create an infrastructure financing district (IFD) in a housing opportunity zone to finance public capital facilities using property tax increment revenues, was amended on May 16, 2006 with provisions to implement the housing bond that is on the November 2006 ballot. **Because the bill no longer relates to IFDs, our Sacramento advocates will take no position on AB 2286.**

County-supported SB 1421 (Margett), which would establish a two-year pilot project in Los Angeles County to identify, investigate, and prosecute suspected incidents of fraud in the Stage 2 and Stage 3 CalWORKs Child Care programs, was placed on the Senate Appropriations Committee Suspense File on May 15, 2006.

Other Legislation of Interest to the County

AB 2922 (Jones) increases the amount of tax increment set-aside from redevelopment agencies for low- and moderate-income housing from 20 percent to 35 percent, and makes the increase applicable only to new redevelopment plans, mergers, and plan amendments adopted on or after January 1, 2007.

Current law requires redevelopment agencies to allocate a 20 percent set-aside for affordable housing development. According to the Community Development Commission (CDC), supporters of the legislation argue that the bill aims to address the urgent need for affordable housing in California and diminish the prospect that affordable housing will be unjustly sacrificed for private commercial development. However, opponents argue that increasing the amount of the housing set-aside will limit the ability of redevelopment agencies to engage in other revitalization activities such as: Brownfields clean up, infrastructure improvements, and the creation of parks, libraries and community centers. Furthermore, if commercial development is stifled, it will adversely impact the total amount of tax increment available.

The CDC states that the passage of AB 2922 could potentially impact the department's redevelopment efforts in the Whiteside area. The CDC indicates that if the pending merger of the Whiteside Redevelopment area and the City of Los Angeles Eastside Adelante project is delayed beyond January 1, 2007, it will complicate efforts to establish a biomedical park and other commercial developments in the Whiteside area. AB 2922 will also hurt future redevelopment efforts aimed at revitalizing decaying main street commercial corridors and other business areas.

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AB 2922 is supported by many affordable housing advocates and developers and is opposed by cities and the California Redevelopment Association. AB 2922 will be heard in the Assembly Appropriations Committee on Wednesday, May 17, 2006.

We will continue to keep you advised.

DEJ:GK
MAL:JF:IGR:cc

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants